

TOWN OF JACKSON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
SEPTEMBER 30, 2022

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Member
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INDEPENDENT AUDITOR'S REPORT

To the Honorable James Norsworthy
and Board of Aldermen
Town of Jackson, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, Louisiana, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Jackson, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, Louisiana, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Jackson, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the

preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Jackson, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jackson, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Jackson, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the Town's Proportionate Share of Net Pension Liability, and the Schedule of the Town's Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jackson, Louisiana's basic financial statements. The Schedule of Revenues, Expenses, and Changes in Net Position, Budget (GAAP Basis) and Actual – Enterprise Funds – Public Utility System, schedule of insurance, schedule of rates and number of customers, schedule of compensation paid to board members, schedule of compensation, benefits, and other payments to the agency head, and the justice system funding schedule-collecting/disbursing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues, Expenses, and Changes in Net Position, Budget (GAAP Basis) and Actual – Enterprise Funds – Public Utility System, schedule of compensation paid to board members, schedule of compensation, benefits, and other payments to the agency head, and the justice system funding schedule-collecting/disbursing entity are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule of Revenues, Expenses, and Changes in Net Position, Budget (GAAP Basis) and Actual – Enterprise Funds – Public Utility System, schedule of compensation paid to board members, schedule of compensation, benefits, and other payments to the agency head, and the justice system funding schedule-collecting/disbursing entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of gas, water, and sewer rates, schedule of number of utility customers, and schedule of insurance has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 24, 2023 on our consideration of the Town of Jackson, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Jackson, Louisiana’s internal control over financial reporting and compliance.



Franklinton, LA
April 24, 2023

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF JACKSON
Statement of Net Position
As of September 30, 2022

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 802,530	407,537	\$ 1,210,067
Investments	5,875	112,666	118,541
Receivables, Net:			
Intergovernmental	690,528	-	690,528
Ad Valorem Taxes	5,015	-	5,015
Due from Other Governments	145,611	-	145,611
Accounts and Other	37,056	93,649	130,705
Due From Other Funds	349,498	-	349,498
Total Current Assets	<u>2,036,113</u>	<u>613,852</u>	<u>2,649,965</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	507,066	371,991	879,057
Restricted Investments	-	74,371	74,371
Total Restricted Assets	<u>507,066</u>	<u>446,362</u>	<u>953,428</u>
Capital Assets:			
Land	335,674	1,682,590	2,018,264
Construction in Progress	-	-	-
Capital Assets, Net	26,000	16,000	42,000
Total Capital Assets	<u>361,674</u>	<u>1,698,590</u>	<u>2,060,264</u>
Total Assets	<u>2,904,853</u>	<u>2,758,804</u>	<u>5,663,657</u>
Deferred Outflows of Resources			
Pension Related	181,679	75,095	256,774
Total Deferred Outflows of Resources	<u>181,679</u>	<u>75,095</u>	<u>256,774</u>
Liabilities			
Current Liabilities:			
Accounts Payable	69,402	11,908	81,310
Other Accrued Payables	4,362	13,384	17,746
Due To Other Funds	-	349,498	349,498
Customer Deposits	-	108,198	108,198
Unearned Revenue	1,381,056	-	1,381,056
Bonds Payable	-	24,000	24,000
Compensated Absences Payable	10,930	8,495	19,425
Accrued Interest on Long Term Debt	-	5,559	5,559
Total Current Liabilities	<u>1,465,750</u>	<u>521,042</u>	<u>1,986,792</u>
Long Term Liabilities:			
Bonds Payable	-	428,249	428,249
Note Payable	-	108,520	108,520
Net Pension Liability	722,599	315,145	1,037,744
Total Long Term Liabilities	<u>722,599</u>	<u>851,914</u>	<u>1,574,513</u>
Total Liabilities	<u>2,188,349</u>	<u>1,372,956</u>	<u>3,561,305</u>
Deferred Inflows of Resources			
Pension Related	129,979	(11,867)	118,112
Total Deferred Inflows of Resources	<u>129,979</u>	<u>(11,867)</u>	<u>118,112</u>
Net Position			
Net Investment in Capital Assets	361,674	1,137,821	1,499,495
Restricted for:			
Streets and Sidewalks	-	-	-
Debt Service	556,954	338,164	895,118
Unrestricted	(150,424)	(3,175)	(153,599)
Total Net Position	<u>\$ 768,204</u>	<u>\$ 1,472,810</u>	<u>\$ 2,241,014</u>

The accompanying notes are an integral part of this statement

TOWN OF JACKSON
Statement of Activities
For the year ended September 30, 2022

	Program Revenues					Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Net (Expenses) Revenues	Govern- mental Activities	Business- Type Activities	Total
Governmental Activities								
General Government	\$ 332,564	\$ 98,092	\$ 10,264	\$ -	\$ (224,208)	\$ (224,208)	\$ -	\$ (224,208)
Public Safety	434,099	37,036	4,076	40,000	(352,987)	(352,987)	-	(352,987)
Public Works	248,018	-	-	-	(248,018)	(248,018)	-	(248,018)
Total Governmental Activities	<u>\$ 1,014,681</u>	<u>\$ 135,128</u>	<u>\$ 14,340</u>	<u>\$ 40,000</u>	<u>\$ (825,213)</u>	<u>\$ (825,213)</u>	<u>\$ -</u>	<u>\$ (825,213)</u>
Business-type Activities								
Gas	\$ 213,057	\$ 386,270	\$ -	\$ -	\$ 173,213	\$ -	\$ 173,213	\$ 173,213
Water	438,803	405,872	25,731	-	(7,200)	-	(7,200)	(7,200)
Sewer	312,567	325,430	-	-	12,863	-	12,863	12,863
Bond Interest	13,127	-	-	-	(13,127)	-	(13,127)	(13,127)
Total Business-type Activities	<u>\$ 977,554</u>	<u>\$ 1,117,572</u>	<u>\$ 25,731</u>	<u>\$ -</u>	<u>\$ 165,749</u>	<u>\$ -</u>	<u>\$ 165,749</u>	<u>\$ 165,749</u>
General Revenues:								
Taxes:								
Property Taxes						52,446	-	52,446
Sales Taxes						771,798	-	771,798
Franchise Taxes						113,164	-	113,164
Intergovernmental							-	-
Lease Income							-	-
Interest Income						503	260	763
Miscellaneous						75,356	-	75,356
Transfers In (Out)						-	-	-
Total General Revenues and Transfers						<u>1,013,267</u>	<u>260</u>	<u>1,013,527</u>
Change in Net Position						<u>188,054</u>	<u>166,009</u>	<u>354,063</u>
Net Position - Beginning						<u>580,150</u>	<u>1,306,801</u>	<u>1,886,951</u>
Net Position - Ending						<u>\$ 768,204</u>	<u>\$ 1,472,810</u>	<u>\$ 2,241,014</u>

The accompanying notes are an integral part of this statement

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

TOWN OF JACKSON
Balance Sheet - Governmental Funds
As of September 30, 2022

	<u>General</u> <u>Fund</u>	<u>Special Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets			
Cash	\$ 802,530	\$ 507,066	\$ 1,309,596
Investments	5,875	-	5,875
Receivables, Net:			
Intergovernmental	690,528	57,490	748,018
Ad Valorem Taxes	5,015	-	5,015
Due from Other Governments	88,121	-	88,121
Accounts and Other	856	31	887
Franchise Taxes	36,169	-	36,169
Due From Other Funds	355,798	-	355,798
Restricted Cash	-	-	-
Total Assets	<u>\$ 1,984,892</u>	<u>\$ 564,587</u>	<u>\$ 2,549,479</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts Payable	\$ 69,402	\$ -	\$ 69,402
Other Accrued Expenses	3,029	1,333	4,362
Unearned Revenue	1,381,056	-	1,381,056
Due to Other Funds	-	6,300	6,300
Total Liabilities	<u>1,453,487</u>	<u>7,633</u>	<u>1,461,120</u>
Deferred Inflows of Resources:			
Unavailable Ad Valorem Taxes	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	-	-	-
Assigned	-	556,954	556,954
Unassigned Fund Balances	531,405	-	531,405
Total Fund Balances	<u>531,405</u>	<u>556,954</u>	<u>1,088,359</u>
			-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,984,892</u>	<u>\$ 564,587</u>	<u>\$ 2,549,479</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of September 30, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	1,088,359
<p>Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Governmental capital assets net of depreciation		361,674
<p>Long-term liabilities including bonds payable, loans payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. Current accrued interest on long term debt is also not reported in the governmental funds.</p>		
Compensated Absences Payable		(10,930)
Net Pension Liability		(722,599)
Deferred Inflows of Resources		(129,979)
Deferred Outflows of Resources		181,679
Net Position of Governmental Activities (Statement A)	\$	<u><u>768,204</u></u>

The accompanying notes are an integral part of this statement

TOWN OF JACKSON
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the year ended September 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 602,228	\$ 335,180	\$ 937,408
Licenses and Permits	98,092	-	98,092
Intergovernmental	2,273	-	2,273
Fines and Forfeitures	37,036	-	37,036
Grants-Other	40,000	-	40,000
Interest	425	78	503
Other	69,559	5,800	75,359
Total Revenues	<u>849,613</u>	<u>341,058</u>	<u>1,190,671</u>
Expenditures			-
General Government	260,356	-	260,356
Public Safety:			
Police	386,943	-	386,943
Fire	92,106	-	92,106
Public Works	-	248,027	248,027
Capital Outlays	25,427	33,408	58,835
Total Expenditures	<u>764,832</u>	<u>281,435</u>	<u>1,046,267</u>
Excess of Revenues Over (Under)			
Expenditures	<u>84,781</u>	<u>59,623</u>	<u>144,404</u>
(Continued)			
Net Change in Fund Balances	<u>84,781</u>	<u>59,623</u>	<u>144,404</u>
Fund Balances, Beginning	446,624	497,331	943,955
Fund Balances, Ending	<u>\$ 531,405</u>	<u>\$ 556,954</u>	<u>\$ 1,088,359</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended September 30, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 144,404

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets		
Capital asset additions	\$ 58,835	
Less:		
Current year depreciation	<u>(101,903)</u>	(43,068)

Compensated absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities. (This entry records the change in long-term compensated absences)	(4,855)
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Governmental funds report pension contributions as expenditures, however pension expense is reported in the statement of activities. This is the amount by which pension expense exceeded pension contributions.	79,492
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Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in the funds.	12,067
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Change in Net Position of Governmental Activities, Statement B	\$ <u>188,040</u>
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The accompanying notes are an integral part of this statement

TOWN OF JACKSON
Statement of Net Position - Proprietary Funds
As of September 30, 2022

Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 407,537
Investments	112,666
Accounts Receivables, Net	<u>93,649</u>
Total Current Assets	<u>613,852</u>
Restricted Assets:	
Restricted Cash and Cash Equivalents	371,991
Restricted Investments	<u>74,371</u>
Total Restricted Assets	<u>446,362</u>
Capital Assets	
Land	16,000
Capital Assets, Net	<u>1,682,590</u>
Total Capital Assets	<u>1,698,590</u>
Total Assets	<u>2,758,804</u>
Deferred Outflows of Resources	
Pension Related	<u>75,095</u>
Total Deferred Outflows of Resources	<u>75,095</u>
Liabilities	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	11,908
Compensated Absences Payable	8,495
Other Accrued Payables	13,384
Retainage Payable	
Due To Other Funds	<u>349,498</u>
Total Current Liabilities (Payable From Current Assets)	<u>383,285</u>
Current Liabilities (Payable From Restricted Assets):	
Customer Deposits	108,198
Bonds Payable	24,000
Interest Payable on Long Term Debt	<u>5,559</u>
Total Current Liabilities (Payable From Restricted Assets)	<u>137,757</u>
Long Term Liabilities:	
Bonds Payable	428,249
Note Payable	<u>108,520</u>
Net Pension Liability	<u>315,145</u>
Total Long Term Liabilities	<u>851,914</u>
Total Liabilities	<u>1,372,956</u>
Deferred Inflows of Resources	
Pension Related	<u>(11,867)</u>
Total Deferred Inflows of Resources	<u>(11,867)</u>
Net Position	
Net Investment in Capital Assets	1,137,821
Restricted for:	
Capital Projects and Debt Service	338,164
Unrestricted	<u>(3,175)</u>
Total Net Position	<u>\$ 1,472,810</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds
For the year ended September 30, 2022

	Business-Type Activities
	Utility Fund
Operating Revenues	
Gas Sales	\$ 386,270
Less Cost of Gas Sold	121,240
Gross Profit on Gas Sales	265,030
Water Sales	\$ 358,978
Sewer Service Charges	325,430
Penalties	30,754
Intergovernmental	25,731
Other	16,140
Total Operating Revenues	1,022,063
Operating Expenses	
Bad Debts	12,801
Depreciation	189,702
Employee Benefits	91,162
Insurance	21,389
Payroll Taxes	5,608
Professional Fees	26,258
Repairs and Maintenance and Supplies	176,860
Salaries and Wages	235,629
Utilities	27,492
Other	56,286
Total Operating Expenses	843,187
Operating Income (Loss)	178,876
Nonoperating Revenues (Expenses)	
Interest Income	260
Interest Expense	(13,127)
Total Nonoperating Revenues (Expenses)	(12,867)
Income (Loss) Before Transfers	166,009
Transfers	
Operating Transfers In	-
Operating Transfers Out	-
Change in Net Position	166,009
Total Net Position, Beginning	1,306,801
Total Net Position, Ending	\$ 1,472,810

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON
Statement of Cash Flows -
Proprietary Funds
For the year ended September 30, 2022

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Received From Customers	\$ 1,123,776
Received (Refunded) for Meter Deposit Fees	5,937
Other Receipts	19,140
Payments for Operations	(422,730)
Payments to Employees	(332,634)
Net Cash Provided (Used) by Operating Activities	<u>393,489</u>
Cash Flows From Capital and Related Financing Activities	
Payments for Interfund Services	(102,751)
Payments for Capital Acquisitions	(15,262)
Repayments for Long Term Debt	(23,000)
Interest Payments for Long Term Debt	(13,681)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(154,694)</u>
Cash Flows From Investing Activities	
Receipt of Interest	<u>260</u>
Net Cash Provided (Used) by Investing Activities	<u>260</u>
Net Increase (Decrease) in Cash and Cash Equivalents	239,055
Cash and Cash Equivalents, Beginning of Year	<u>727,510</u>
Cash and Cash Equivalents, End of Year	<u>\$ 966,565</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and Cash Equivalents, Unrestricted	\$ 520,203
Cash and Cash Equivalents, Restricted	446,362
Total Cash and Cash Equivalents	<u>\$ 966,565</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 178,876
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	
(Increase) Decrease in Accounts Receivable	22,060
(Increase)/Decrease Deferred Outflows-Pension Related	(59,936)
Decrease in Due (to) and from Other Funds	179,910
(Decrease) Increase in Accounts Payable	549
(Decrease) Increase in Compensated Absences	5,607
(Decrease) Increase in Accrued Expenses	16,082
(Decrease) Increase in Customer Deposits	5,937
(Decrease) Increase in Net Pension Liability	138,116
(Decrease) Increase in Deferred Outflows-Pension Related	(93,712)
Net Cash Provided by Operating Activities	<u>\$ 393,489</u>

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

Introduction

The Town of Jackson, Louisiana (the Town) was incorporated April 2, 1832, and operates under a Mayor-Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, recreation public improvements, and general administrative services.

The Town's total population is 3,990, as reported by the U.S. Census Bureau, Census 2020. The Town provides water, gas, and sewer utility services to approximately 758 water, 670 sewer customers, and 330 gas customers, and inside of the Town limits. The Town employs approximately 25 employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town of Jackson is considered a primary government, since it is a local government that has a separately elected governing body. Under provisions of this statements, the Town is not considered a component unit of another government nor are there any component units of the Town.

1. Summary of Significant Accounting Policies -

A. Basis of Presentation

These financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements are presented in accordance with GASB Statement No. 34, Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments, as amended. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), and a statement of activities. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements, some of which are included in the following paragraphs. The Town has also adopted the provisions of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, that requires capital contributions to the Town to be presented as a change in net position.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined Deferred Outflows of Resources as a consumption of net position by the government that is applicable to a future reporting period, and Deferred Inflows of Resources as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in Note 1 K – Net Position and Fund Balance.

The Town has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the District is more fully described in Note 1 J – Other Long-Term Obligations.

The Town also had the following deferred outflows and deferred inflows of resources recorded in the government wide statement of net position: deferred outflows of resources related to pensions of \$256,774 at September 30, 2022; and deferred inflows of resources of \$118,112 related to pensions.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are presented as separate columns in the fund financial statements. For the year ending September 30, 2022, the town reported the two major governmental funds and one proprietary fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services,

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental funds:

- 1) General Fund-This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- 2) Special Revenue Fund-This fund accounts for the collection and expenditures of the sales tax received from the East Feliciana Parish Police Jury whose use is restricted to streets and sidewalks within the Town.

The Town reports the following major proprietary funds:

Public Utilities Fund-As a proprietary fund, the public utility fund is used to account for operations, (a) that are financed and operating in a manner similar to provide business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance public policy, management control, accountability, or other purposes.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Town are reported at fair value, except nonparticipating investment contracts which are reported at cost, if any.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." The net amount of interfund receivables and payables between governmental activities and business-type activities are reported as internal balances in the government-wide statement of net position. The net amount of transfers between governmental activities and business-type activities are reported as transfers in the government-wide statement of activities.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property Taxes

Property taxes attach an enforceable lien on all applicable property on February 28th of each year. Taxes are levied and are billed to the taxpayers in November of each year. Billed property taxes become delinquent on January 2nd of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of East Feliciana Parish. During the year ended September 30, 2022, taxes of 6.19 mills were levied on property with assessed valuations totaling \$10,007,183 and were dedicated for general purposes.

Ad valorem taxes billed during the year ended September 30, 2022, totaled \$61,944. Of this amount, \$13,005 remain uncollected at September 30, 2022. The Town has a reserve for delinquent property taxes in the amount of \$7,990. Therefore, the net property tax receivable at September 30, 2022 totaled \$5,015.

Sales Taxes

Streets and Sidewalks-The Town receives 14.6863% of a one cent parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are restricted to the construction and general maintenance of streets and sidewalks in the Town. The Town recognized \$335,180 of sales tax during the year ended September 30, 2022. The tax expires December 31, 2024.

General Fund-The Town receives 22.4296% of a one cent parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are available for any lawful purpose of operating a municipality. The Town recognized \$432,365 of sales tax during the year ended September 30, 2022. The tax expires December 31, 2024.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. The Town did not have any inventory at September 30, 2022. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customer's meter deposits are also classified as restricted assets.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements as well as within the proprietary fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Effective for fiscal year 2019, the Town no longer capitalizes interest during the construction period on a prospective basis as per GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

All depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 40 Years
Parks and Improvements	7 - 20 Years
Vehicles and Equipment	5 - 15 Years
Furniture and Fixtures	5 - 10 Years
Computers and Software	5 Years
Infrastructure	20 - 40 Years
Gas System	10 - 40 Years
Water System	10 - 40 Years
Sewer System	10 - 40 Years

I. Compensated Absences

Full time employees of the town earn leave according to years of employment. Vacation leave is based on a twelve-month accumulated period. Each employee's anniversary date will determine his or her twelve-month period. Each employee is allowed to carry over one week of unused vacation per year. Employees do not start earning vacation leave until one year after service. Vacation is accrued as follows: 1) 1-7 years, 2 weeks; 2) 7-15 years, 3 weeks; 3) 15-20 years, 4 weeks; and 4) 20 years +, 4 weeks. Employees are 100% vested in accrued vacation and will be paid out if terminated.

Sick leave is provided for full time employees. Sick leave is ten days per year with a cap of no more than 50 days accumulated at the end of five years. Employees are not vested in sick leave and will not be paid if terminated.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

The cost of leave privileges is computed in accordance with GASB Codification Section C60. As such, sick leave is recognized as a current year expenditure when leave is taken, and no liability has been accrued for unused employee sick leave.

J. Other Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65.

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Position and Fund Balance

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** – The *net investment in capital assets* component of net position includes capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in the component of net position. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

portion of the debt or deferred inflows or resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Town previously adopted GASB 54 and as such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision-making authority for the Town.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed, or assigned for those purposes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available for use, the Town considers amounts to have been spent first out of restricted funds, and then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

L. Extraordinary and Special Items

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability -

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The General Fund and Special Revenue Fund had no actual expenditures and other uses over budgeted amounts nor any actual revenues and other sources below budget amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended September 30, 2022.

3. Cash and Cash Equivalents -

At September 30, 2022, the Town has cash and cash equivalents (book balances) as follows:

Demand Deposits	\$	2,089,124
Certificate of Deposits		<u>192,912</u>
	\$	<u><u>2,282,036</u></u>

The cash and cash equivalents are stated at cost, which approximates market. The deposit in LAMP is stated at fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The Town does not have a formal policy for custodial risk. At September 30, 2022, the Town has \$2,129,860 in deposits (collected bank balances other than certificate of deposits), consisting of demand deposits at one bank. The demand deposits totaling \$2,129,860 are secured from risk by \$250,000 of federal deposit insurance and \$1,879,860 of pledged securities. The \$1,879,860 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The certificates of deposits are secured from risk by FDIC coverage of the respective bank.

4. Receivables -

Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Utility accounts receivable comprise the majority of proprietary fund receivables.

Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at September 30, 2022 consist of the following:

Government Receivables	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Taxes:			
Ad Valorem	\$ 5,015	\$ -	\$ 5,015
Sales Tax Receivable	88,121	57,490	145,611
Franchise Tax	36,169	-	36,169
American Rescue Plan	690,528	-	690,528
Other Receivables	856	31	887
Total Government Receivables	<u>\$ 820,689</u>	<u>\$ 57,521</u>	<u>\$ 878,210</u>

The Enterprise Fund accounts receivable at September 30, 2022 consist of the following:

	<u>Enterprise Fund</u>
Accounts Receivable	
Current	\$ 10,159
31 - 60 Days	2,989
61 - 90 Days	268
91 - 120 Days	1,594
Over 120 Days	1,008
Subtotal	16,018
Less Allowance for Bad Debt	(2,602)
Accounts Receivables, Net	13,416
NSF Checks	692
Unbilled Receivables	79,541
Total Accounts Receivable	<u>\$ 93,649</u>

For the fiscal year ended September 30, 2022, the Town recorded bad debt expense in the amount of \$12,801.

5. Interfund Receivables/Payables -

The following is a detailed list of inter-fund balances reported in the fund financial statements on September 30, 2022:

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Interfund Balances		
General Fund		
Street and Sidewalk	\$ 6,300	\$
Enterprise Fund	349,498	
Special Revenue Funds		
Street and Sidewalk		
General Fund	-	6,300
Enterprise Fund		
General Fund		349,498
Total Interfund Balances	<u>\$ 355,798</u>	<u>\$ 355,798</u>

The amounts between funds are related to payroll and certain operating costs that are expected to be repaid.

6. Restricted Assets -

Restricted assets for the Governmental Funds and Enterprise Fund at September 30, 2022 were as follows:

	<u>Special Revenue Funds</u>	<u>Enterprise Fund</u>
Restricted Assets		
Cash and Cash Equivalents		
Customer Deposits	\$ -	\$ 74,269
Bond Reserve Account	-	78,915
Bond Contingency Account	-	128,553
Bond Sinking Account	-	90,254
Street and Sidewalk Fund	507,066	-
Investments - Customer Deposits	-	74,371
Total Restricted Assets	<u>\$ 507,066</u>	<u>\$ 446,362</u>

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

7. Capital Assets -

Capital assets and depreciation activity as of and for the year ended September 30, 2022 for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 26,000	\$ -	\$ -	\$ 26,000
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>26,000</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	450,498	-	-	450,498
Machinery and Equipment	1,457,248	58,835	-	1,516,083
Vehicles	107,245	-	-	107,245
Infrastructure	1,194,092	-	-	1,194,092
Total Capital Assets Being Depreciated	<u>3,209,083</u>	<u>58,835</u>	<u>-</u>	<u>3,267,918</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(358,397)	(8,918)	-	(367,315)
Machinery and Equipment	(1,349,339)	(48,371)	-	(1,397,710)
Vehicles	(20,487)	-	-	(20,487)
Infrastructure	(1,102,118)	(44,614)	-	(1,146,732)
Total Accumulated Depreciation	<u>(2,830,341)</u>	<u>(101,903)</u>	<u>-</u>	<u>(2,932,244)</u>
Total Capital Assets Being Depreciated, Net	<u>378,742</u>	<u>(43,068)</u>	<u>-</u>	<u>335,674</u>
Total Governmental Activities Capital Assets, Net	\$ <u>404,742</u>	\$ <u>(43,068)</u>	\$ <u>-</u>	\$ <u>361,674</u>
Depreciation was charged to governmental functions as follows:				
General Government				\$ <u>101,903</u>
				<u>\$ 101,903</u>

Governmental Activities capital assets increased by \$58,835 before depreciation of \$101,903, with increases primarily related to the purchase of equipment.

Capital assets and depreciation activity as of and for the year ended September 30, 2022 for business-type activities is as follows:

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

Business - Type Activities Capital Assets:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 18,300	\$ -	\$ -	\$ 18,300
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>18,300</u>	<u>-</u>	<u>-</u>	<u>18,300</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	81,409	-	-	81,409
Machinery and Equipment	72,688	-	-	72,688
Gas Utility System	411,929	-	-	411,929
Water Utility System	2,446,020	15,262	-	2,461,282
Sewer Utility System	3,744,972	-	-	3,744,972
Total Capital Assets Being Depreciated	<u>6,757,018</u>	<u>15,262</u>	<u>-</u>	<u>6,772,280</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(76,353)	(643)	-	(76,996)
Machinery and Equipment	(64,382)	(2,021)	-	(66,403)
Gas Utility System	(409,774)	(353)	-	(410,127)
Water Utility System	(1,460,124)	(86,016)	-	(1,546,140)
Sewer Utility System	(2,891,653)	(100,671)	-	(2,992,324)
Total Accumulated Depreciation	<u>(4,902,286)</u>	<u>(189,704)</u>	<u>-</u>	<u>(5,091,990)</u>
Total Capital Assets Being Depreciated, Net	<u>1,854,732</u>	<u>(174,442)</u>	<u>-</u>	<u>1,680,290</u>
Total Business - Type Activities Capital Assets, Net	\$ <u>1,873,032</u>	\$ <u>(174,442)</u>	\$ <u>-</u>	\$ <u>1,698,590</u>

Capital assets for business-type activities capital assets increased by \$15,262 before depreciation of \$174,442. The increase was due to the purchase of equipment.

8. Interfund Transfers -

The Town did not have any interfund transfers for the year ending September 30, 2022.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

9. Accounts, Salaries, and Other Payables -

Fund payables at September 30, 2022 are as follows:

Funds Payable	<u>General Fund</u>	<u>Streets and Sidewalk</u>	<u>Utility Fund</u>	<u>Total</u>
Accounts	\$ 69,402	\$ -	\$ 11,908	\$ 81,310
Accrued Salaries	3,029	1,333	4,411	8,773
Customer Deposits	-	-	108,198	108,198
Other	-	-	8,973	8,973
Total Funds Payable	<u>\$ 72,431</u>	<u>\$ 1,333</u>	<u>\$ 133,490</u>	<u>\$ 207,254</u>

The Town also had unearned revenue of \$1,381,056 at September 30, 2022, which represents American Rescue Plan Act (ARPA) funding. Of this amount, the Town has received \$690,528. The Town has accrued a receivable in the governmental funds in the amount of \$690,528. The Town has not used or dedicated any of these funds as of year-end.

10. Short-Term Debt -

The Town had no short-term debt outstanding at September 30, 2022, other than the current portion of revenue bonds payable, capital leases, or compensated absences.

11. Long-Term Obligations -

The following is a summary of long-term debt transactions for the year ended September 30, 2022:

	<u>Business-Type Activities</u>		Total
	<u>Note Payable</u>	<u>Revenue Bonds</u>	<u>Long-Term Obligations</u>
Beginning Balance	\$ 108,520	\$ 475,249	\$ 583,769
Additions	-	-	-
Deletions			
Scheduled Payments	-	(23,000)	(23,000)
Ending Balance	<u>\$ 108,520</u>	<u>\$ 452,249</u>	<u>\$ 560,769</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

	Business-Type Activities			Total Long-Term Obligations
	Current Portion	Long Term Portion	Total	
Governmental Activities				
Note Payable	\$ -	\$ 108,520	\$ 108,520	\$ 108,520
Revenue Bonds	<u>24,000</u>	<u>428,249</u>	<u>452,249</u>	<u>452,249</u>
	<u>\$ 24,000</u>	<u>\$ 536,769</u>	<u>\$ 560,769</u>	<u>\$ 560,769</u>

The Town also has long term liabilities for net pension liability as of September 30, 2022; \$722,599 in governmental activities and \$315,145 in business type activities related to the Town’s retirement systems (see Note 12)

The general fund liquidates the obligations in governmental activities and the enterprise fund liquidates the obligations in the business-type activities.

Bonds Payable as of September 30, 2022 are as follows:

	Bonds Payable End of Year	Due Within One Year
Business Type: \$ 800,000 of Utility Revenue Bonds		
Dated 3/15/2016 Due in yearly installments of principal ranging from \$19,000 in 2017 to \$38,249 in 2036 and forty-one semi-annual installments of interest averaging \$4,653 at a rate of 2.950%.	\$ 452,249	\$ 24,000
Business Type: \$108,520 Utility Relocation Agreement		
Dated 1987 Based on an agreement with the Louisiana Department of Transportation and Development (DOTD), and pursuant to LA RS 48:381 (C), the Town owed \$108,520 for its share of a sewer line relocation project. The total project costs were paid by DOTD, but the Town was responsible for \$108,520 of the project. As of the date of the financial statements, the DOTD has not requested payment of the balance due.	108,520	-
	<u>\$ 560,769</u>	<u>\$ 24,000</u>

The annual requirements to amortize all debt outstanding at September 30, 2022, are presented below. Remaining interest payments of \$108,372 are included.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

Year Ending September 30,	Principal	Interest	Total
2023 \$	24,000 \$	12,987 \$	36,987
2024	24,000	12,279	36,279
2025	25,000	11,557	36,557
2026	26,000	10,804	36,804
2027	27,000	10,023	37,023
2028-2033	150,000	37,354	187,354
2034-2037	176,249	13,367	189,617
\$	<u>452,249 \$</u>	<u>108,372 \$</u>	<u>560,621</u>

12. Flow of Funds, Restrictions on Use – Enterprise Fund Bonds -

In February 2015, the Town’s Board of Aldermen authorized the issuance of Utilities Revenue Bonds to finance the costs of constructing and acquiring improvements to the drinking water portion of the Town’s combined utilities systems. The Town’s combined revenues of the Town’s drinking water, sewerage treatment, and natural gas supply system are pledged in the amount sufficient for the payment of principal due and payable. Thirty percent of the Series 2016 bonds advance to the Town were forgiven as a debt upon advancement. Pursuant to the authorization, the Town entered into an agreement with the Louisiana Department of Health and Hospitals as part of the Build America Bonds Program whereby the Department purchased up to \$800,000 of debt issued by the Town to fund improvements to the water system. The indebtedness of the Town was evidenced through the 2016 Series Utility Revenue Bonds in the amount of \$800,000.

All of the income and revenues derived or to be derived by the Town from operations of the system are to be deposited daily in a separate bank account designated as the “Utilities System Revenue Fund” (the “Revenue Fund”). The Town has this account set up. Total operating revenues of the utilities system for the year ended were September 30, 2022 were \$1,070,678.

Under the terms of the bonds, transfers from the Revenue Fund are required to be made to the “Utilities Bond Sinking Fund” in an amount to pay promptly and fully the principal and interest monthly in advance on or before the 20th day of each month of each year, a sum equal to the pro-rata amount of interest falling due on the bonds and the pro-rata amount of the principal falling due on the bonds on the next principal date. The Town has established the Sinking Fund. Monthly payments to the Sinking Fund were not made in full each month.

The terms of the bonds call for the maintenance of the “Utilities Revenue Bond Reserve Fund” (the “Reserve Fund”) and the Town is required to be make monthly deposits to this account. On the 20th day of each month of each year, a sum to at least 25% of the amount are to be paid until such time there has been accumulated in the account a sum equal to the “Reserve Fund Requirement”. The Reserve Fund Requirement means as of any day of the calculation, a sum equal to one half of the maximum principal and interest requirements for any succeeding bond year on the bonds. The account was fully funded at the end of September 30, 2022.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

The Bond ordinance requires maintenance of the "Utilities Revenue Bond Depreciation and Contingency Fund" to care for extension, additions, improvements, renewals, and replacements necessary to properly operate the system, by transferring from funds in the Revenue Fund a sum equal to 5% of the Net Revenues for the preceding month. Such payments into the Contingencies Fund shall continue until such time as there has been accumulated in the Contingencies Fund the Sum of \$100,000, whereupon, such payment may cease and need be resumed only if the total amount of money in said fund is reduced below \$100,000. As of September 30, 2022, the account was fully funded.

The Bond terms require The Town will covenant to fix, establish, and maintain such rates and collect such fees, rents or other charges for the services and facilities of the System and to revise the same from time to time whenever necessary and will always provide revenues in each year sufficient to pay the reasonable and necessary expenses of operating and maintain the System each year, the principal and interest maturing on the Bonds, all reserves or sinking funds or other payments required, The Town will provide revenues in each year, after paying all reasonable and necessary expenses of operating and maintaining the System, at least equal to 125% of the largest amount of principal and interest maturing on the Bonds in any future bond year and on any additional parity bonds. As of September 30, 2022, the Town met the requirement.

13. Retirement Systems -

Substantially all employees of the Town of Jackson are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* –an amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans' net pension liability and report the following disclosures:

A. Municipal Employee Retirement System of Louisiana (System)

Plan Description. The system is the administrator of a cost-sharing, multiple-employer public employee retirement systems (PERS), and is controlled and administered by a separate board of trustees. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment. All employees of the Town are members of Plan A.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description is of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with twenty (20) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan A Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits:

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of creditable service, but not less than forty-five percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases:

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement; benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

The System has issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the report can be found on the System's website, www.mersla.com, or on the Louisiana Legislative Auditor's website, www.la.gov.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

Funding Policy. Contributions for all members are established by statute. Under Plan A, members are required by state statute to contribute 10 percent of their earnable compensation and the Town of Jackson is required to contribute at an actuarially determined rate. The current rate was 29.50 percent of member’s earnings. Contributions to the System also include one-fourth of one percent of the ad valorem taxes collected within the respective parishes, except Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between this system (the Municipal Employees’ Retirement System) and the Employees’ Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2022. During the year ending September 30, 2022, the Town recognized revenue as a result of support received from non-employer contributing entities of \$14,582 for its participation in MERS-Plan A.

The Town of Jackson’s contributions to the System under Plan A for the years ending September 30, 2022 and 2021 were \$115,007, and \$115,580, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2022, the Town reported a liability of \$850,450 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2022, the Town’s proportion was 0.204768%, which was an increase of 0.00878% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Town recognized pension expense for the MERS System of \$80,681 representing its proportionate share of the System’s net expense, including amortization of deferred amounts.

At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the MERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,004	\$ (3,256)
Changes of Assumptions	8,239	-
Net difference between projected and actual earnings on pension plan investments	141,510	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	21,774	(41,332)
Employer contributions subsequent to the measurement date	32,273	-
Total	\$ 204,800	\$ (44,588)

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

The Town reported a total of \$32,273 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction in net pension liability in the year ended September 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2023	\$ 4,863
2024	35,459
2025	11,667
2026	67,863
	\$ 119,851

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.85% (net of pension plan investment expense, including inflation)
Inflation Rate	2.5%
Salary Increases, including inflation and merit increases	
-1 to 4 years of service	6.4% (Plan A)
-More than 4 years of service	4.5% (Plan A)
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

Disabled lives mortality

PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Discount Rate. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.31%
Public Fixed Income	38%	1.65%
Alternatives	9%	0.39%
Totals	100%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Rate		6.95%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2022, which was no change from the discount rate used to measure the total pension liability for the year ended of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2022:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.850%	6.850%	7.850%
Town of Jackson Share of NPL	\$ 1,131,264	\$ 850,449	\$ 613,170

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. The System is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he or she does not have to pay social security and providing he or she meets the statutory criteria.

Retirement Benefits:

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan:

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Funding Policy. Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2022, total contributions due from employers and employees were 39.75%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 29.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 29.75% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 32.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2022. During the year ending September 30, 2022, the Town recognized revenue as a result of support received from non-employer contributing entities of \$4,076 for its participation in MPERS.

The Town of Jackson contributions to the System for the years ending September 30, 2022 and 2021 were \$17,755 and \$23,199, respectively. Contributions for the year ending September 30, 2021 were equal to the required contributions for the year. Contributions for the year ending with the measurement date of September 30, 2022 were not equal to the required contributions for the year; rather, contributions for the year ending September 30, 2022 were \$9,987 below the required contributions for the year. Required contributions for the year ending September 30, 2022 were \$27,742.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2022, the Town reported a liability of \$187,294 for its

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2022, the Town's proportion was 0.018323%, which was a decrease of 0.01025% from its proportion measured as of June 30, 2022.

For the year ended September 30, 2022, the Town recognized pension expense for the MPERS System of (\$24,878) representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 924	\$ (1,527)
Changes of Assumptions	6,461	(1,393)
Net difference between projected and actual earnings on pension plan investments	33,438	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,800	(70,613)
Employer contributions subsequent to the measurement date	4,351	-
Total	\$ 51,974	\$ (73,533)

The Town reported a total of \$4,351 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction in net pension liability in the year ended September 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2023	\$ (31,380)
2024	(32,752)
2025	(20,130)
2026	14,606
	\$ (69,654)

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.750%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%
Salary increases, including inflation and merit	
1-2 years of service	12.30%
Over 2 years of service	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>
Cost of Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternatives	14.00%	0.95%
Other	0.00%	0.00%
Totals	100.00%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Rate		8.06%

The discount rate used to measure the total pension liability was 6.750% for the year ended June 30, 2022, which was a decrease of 0.20% from the discount rate used to measure the total pension liability for the year ended of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2022:

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	5.750%	6.750%	7.750%
Town of Slaughter Share of NPL	\$ 262,175	\$ 187,294	\$ 124,743

13. Restricted Fund Balances/Net Position -

At September 30, 2022, the special revenue had assigned fund balance of \$556,954 created from sales tax dedications.

At September 30, 2022, the proprietary fund and the business-type activities in the government-wide financial statements had restricted net position of \$338,164, representing the Town’s funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

14. Risk Management -

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town’s payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

15. Contingent Liabilities -

At September 30, 2022, the Town was not involved in any outstanding litigation or claims.

16. American Rescue Plan Act Funding

During the year ended September 30, 2021, the Town was allocated \$1,381,056 in American Rescue Plan Funding (ARPA) from the Coronavirus State and Local Fiscal Recovery Fund. The Town received \$689,405 during the year ended September 30, 2021. The Town received \$1,123 during the year ended September 30, 2022. The Town received the remainder of the funding of \$690,528 on October 7, 2022. The grant funds are to be spent in accordance with the local ARPA grant terms. As of September 30, 2022 there were no expenditures of this funding. The amount allocated is recoded as unearned revenue at year end.

17. COVID-19 Pandemic

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and quarantining of people that may have been exposed to the virus.

TOWN OF JACKSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2022

COVID-19 and actions taken to mitigate it have and are expected to continue to have adverse effects on the economy. As the COVID-19 pandemic is complex and rapidly evolving, we cannot reasonably estimate the duration or severity of this pandemic nor its full impact on the entity, its financial position, change in financial position, or cash flows.

18. Subsequent Events -

As discussed in Note 16, on October 7, 2022, the Town received \$690,258 in ARPA funding.

Subsequent events have been evaluated by management through April 24, 2023, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending September 30, 2022.

**REQUIRED SUPPLEMENTARY
INFORMATION (PART II)**

TOWN OF JACKSON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Summary
For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 294,000	511,000	602,228	\$ 91,228
Licenses and Permits	90,000	90,000	98,092	8,092
Intergovernmental	-	-	2,273	2,273
Fines and Forfeitures	23,000	30,000	37,036	7,036
Grants-Other	40,000	40,000	40,000	-
Interest	-	-	425	425
Miscellaneous	176,000	100,000	69,559	(30,441)
Total Revenues	623,000	771,000	849,613	78,613
Expenditures				
General Government	196,892	215,532	260,356	(44,824)
Public Safety:				
Police	416,000	505,244	386,943	118,301
Fire	85,475	95,766	92,106	3,660
Public Works	-	-	-	-
Capital Outlays	-	-	25,427	(25,427)
Total Expenditures	698,367	816,542	764,832	51,710
Excess Revenues (Expenditures)	(75,367)	(45,542)	84,781	130,323
Other Financing Sources (Uses)				
Transfers In(Out)	100,000	100,000	-	(100,000)
Total Other Financing Sources (Uses)	100,000	100,000	-	(100,000)
Net Change in Fund Balances	24,633	54,458	84,781	30,323
Fund Balances, Beginning	446,624	446,624	446,624	-
Fund Balances, Ending	\$ 471,257	\$ 501,082	\$ 531,405	\$ 30,323

See Independent Auditor's Report

TOWN OF JACKSON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual
Special Revenue Fund - Streets and Sidewalks
For the year ended September 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales Taxes	\$ 280,000	321,000	335,180	\$ 14,180
Other	5,800	5,800	5,800	-
Interest	700	700	78	(622)
Total Revenues	286,500	327,500	341,058	13,558
Expenditures				
Public Works	274,080	227,780	248,027	(20,247)
Capital Outlays	6,600	62,000	33,408	28,592
Total Expenditures	280,680	289,780	281,435	8,345
Excess Revenues (Expenditures)	5,820	37,720	59,623	21,903
Net Change in Fund Balances	5,820	37,720	59,623	21,903
Fund Balances, Beginning	497,331	497,331	497,331	-
Fund Balances, Ending	\$ 503,151	\$ 535,051	\$ 556,954	\$ 21,903

See Independent Auditor's Report

Town of Jackson
Schedule of the Town's Proportionate Share of the Net Pension Liability - MERS Plan A
Last 10 Fiscal Years*

Municipal Employees' Retirement System

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.239000%	\$ 853,753	\$ 407,919	209.294737%	66.180000%
2016	0.234500%	\$ 961,025	\$ 418,542	229.612560%	62.110000%
2017	0.201100%	\$ 841,340	\$ 365,291	230.320484%	62.490000%
2018	0.253300%	\$ 1,057,107	\$ 391,941	269.710747%	63.940000%
2019	0.233200%	\$ 974,607	\$ 431,758	225.729923%	64.680000%
2020	0.228200%	\$ 986,420	\$ 436,083	226.200058%	64.520000%
2021	0.195900%	\$ 544,869	\$ 380,671	143.133835%	77.820000%
2022	0.204768%	\$ 850,450	\$ 387,387	219.535066%	67.865950%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

Town of Jackson
Schedule of the Town's Proportionate Share of the Net Pension Liability - MPERS
Last 10 Fiscal Years*

Municipal Police Employees' Retirement System

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.037900%	\$ 355,370	\$ 105,207	337.781707%	66.0400%
2017	0.045100%	\$ 393,550	\$ 135,073	291.360968%	70.0815%
2018	0.045300%	\$ 382,656	\$ 133,565	286.494216%	71.8871%
2019	0.031700%	\$ 287,990	\$ 99,030	290.810865%	71.0078%
2020	0.031400%	\$ 289,987	\$ 100,057	289.821802%	70.9450%
2021	0.028600%	\$ 152,294	\$ 87,162	174.725224%	84.0900%
2022	0.018323%	\$ 187,294	\$ 68,326	274.118198%	70.7991%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

Schedule 4.1

**Town of Jackson
Schedule of the Town's Contributions - MERS Plan A
For the year ended September 30, 2022**

Municipal Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 81,456	\$ 81,456	\$ -	\$ 411,288	19.8051%
2016	84,929	84,929	-	415,659	20.4324%
2017	85,180	85,180	-	366,032	23.2712%
2018	102,734	102,734	-	409,387	25.0946%
2019	113,217	113,217	-	428,101	26.4463%
2020	115,869	115,869	-	414,235	27.9718%
2021	115,580	115,580	-	391,794	29.5002%
2022	115,007	115,007	-	389,847	29.5005%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

Town of Jackson
Schedule of the Town's Contributions - MPERS
For the year ended September 30, 2022

Municipal Police Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	\$ 34,797	\$ 34,797	\$ -	\$ 115,383	30.1578%
2017	44,531	44,531	-	141,441	31.4838%
2018	38,872	38,872	-	124,996	31.0986%
2019	32,458	32,458	-	100,646	32.2497%
2020	32,188	32,188	-	97,941	32.8647%
2021	23,199	23,199	-	70,102	33.0932%
2022	27,742	17,755	9,987	58,978	30.1044%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

Town of Jackson
Notes to the Required Supplementary Information
For the year ended September 30, 2022

Pension Plan Schedules - Municipal Employees' Retirement System

A. Changes of Benefit Terms

There were no changes in benefit terms during any of the years presented.

B. Changes of Assumptions

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Fiscal Year Ended September 30,	Measurement Date - June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	2015	7.500%	7.500%	2.875%	4	5.00%
2016	2016	7.500%	7.500%	2.875%	4	5.00%
2017	2017	7.400%	7.400%	2.775%	4	5.00%
2018	2018	7.275%	7.275%	2.600%	3	5.00%
2019	2019	7.000%	7.000%	2.500%	3	6.40% for 1-4 years of service; 4.50% for more than 4 years of service
2020	2020	6.950%	6.950%	2.500%	3	6.40% for 1-4 years of service; 4.50% for more than 4 years of service
2021	2021	6.850%	6.850%	2.500%	3	6.40% for 1-4 years of service; 4.50% for more than 4 years of service
2022	2022	6.850%	6.850%	2.500%	3	6.40% for 1-4 years of service; 4.50% for more than 4 years of service

See independent auditor's report.

Town of Jackson
Notes to the Required Supplementary Information
For the year ended September 30, 2022

Pension Plan Schedules - Municipal Employees' Retirement System

A. Changes of Benefit Terms

There were no changes in benefit terms during any of the years presented.

B. Changes of Assumptions

Fiscal Year Ended September 30,	Measurement Date - June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	2015	7.500%	7.500%	2.875%	4	5.00%
2016	2016	7.500%	7.500%	2.875%	4	5.00%
2017	2017	7.400%	7.400%	2.775%	4	5.00%
2018	2018	7.275%	7.275%	2.600%	3	5.00%
2019	2019	7.000%	7.000%	2.500%	3	40% for 1-4 years of service; 4.50% for more than 4 years of service
2020	2020	6.950%	6.950%	2.500%	3	40% for 1-4 years of service; 4.50% for more than 4 years of service
2021	2021	6.850%	6.850%	2.500%	3	40% for 1-4 years of service; 4.50% for more than 4 years of service
2022	2022	6.850%	6.850%	2.500%	3	40% for 1-4 years of service; 4.50% for more than 4 years of service

See independent auditor's report.

Town of Jackson
Notes to the Required Supplementary Information
For the year ended September 30, 2022

Pension Plan Schedules - Municipal Employees' Retirement System

Additionally, the following mortality tables were used to develop mortality rates:

Fiscal Year Ended September 30,	Measurement Date - June 30,	Mortality
2015	2015	RP-2000 Healthy Annuitant Table set forward 2 years for males and set forward 1 year for females for healthy annuitants; RP-2000 Employees Table set back 2 years for both males and females for active employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2016	2016	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries; RP-2000 Employees Sex Distinct Table set back 2 years for both males and females for employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2017	2017	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries; RP-2000 Employees Sex Distinct Table set back 2 years for both males and females for employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2018	2018	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries; RP-2000 Employees Sex Distinct Table set back 2 years for both males and females for employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2019	2019	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for annuitants and beneficiaries; PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees; PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales for disabled annuitants.
2020	2020	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for annuitants and beneficiaries; PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees; PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales for disabled annuitants.
2021	2021	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for annuitants and beneficiaries; PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees; PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales for disabled annuitants.
2022	2022	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for annuitants and beneficiaries; PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees; PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales for disabled annuitants.

See independent auditor's report.

Town of Jackson
Notes to the Required Supplementary Information
For the year ended September 30, 2022

Pension Plan Schedules - Municipal Police Employees' Retirement System

A. Changes of Benefit Terms

There were no changes in benefit terms during any of the years presented.

B. Changes of Assumptions

Fiscal Year Ended September 30,	Measurement Date - June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	2015	7.500%	7.500%	2.875%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2016	2016	7.500%	7.500%	2.875%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2017	2017	7.325%	7.325%	2.700%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2018	2018	7.200%	7.200%	2.600%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2019	2019	7.125%	7.125%	2.500%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2020	2020	6.950%	6.950%	2.500%	4	12.30% for 1-2 years of service; 4.70% for over 2 years of service
2021	2021	6.750%	6.750%	2.500%	4	12.30% for 1-2 years of service; 4.70% for over 2 years of service
2022	2022	6.750%	6.750%	2.500%	4	12.30% for 1-2 years of service; 4.70% for over 2 years of service

See independent auditor's report.

Town of Jackson
Notes to the Required Supplementary Information
For the year ended September 30, 2022

Pension Plan Schedules - Municipal Police Employees' Retirement System

Additionally, the following mortality tables were used to develop mortality rates:

Fiscal Year Ended September 30,	Measurement Date - June 30,	Mortality
2015	2015	The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables.
2016	2016	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2017	2017	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2018	2018	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2019	2019	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2020	2020	PubG-2010 Public Retirement Plans Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for annuitants and beneficiaries; Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for disabled annuitants; Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for active employees.
2021	2021	PubG-2010 Public Retirement Plans Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for annuitants and beneficiaries; Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for disabled annuitants; Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for active employees.
2022	2022	PubG-2010 Public Retirement Plans Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for annuitants and beneficiaries; Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for disabled annuitants; Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for active

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF JACKSON
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Gas, Water, and Sewer Utility System
For the year ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water Sales	\$ 380,000	\$ 358,978	\$ (21,022)
Sewer Charges	340,115	325,430	(14,685)
Gas Sales	401,000	386,270	(14,730)
Penalties	43,000	30,754	(12,246)
Intergovernmental	-	25,731	25,731
Other	15,030	16,140	1,110
Total Operating Revenues	<u>1,179,145</u>	<u>1,143,303</u>	<u>(35,842)</u>
Operating Expenses			
Cost of Gas Sold	117,000	121,240	(4,240)
Bad Debts	-	12,801	(12,801)
Depreciation	200,000	189,702	10,298
Employee Benefits	52,228	91,162	(38,934)
Insurance	119,600	21,389	98,211
Payroll Taxes	2,080	5,608	(3,528)
Professional Fees	27,500	26,258	1,242
Repairs and Maintenance and Supplies	108,400	176,860	(68,460)
Salaries and Wages	218,240	235,629	(17,389)
Utilities	27,040	27,492	(452)
Other	87,004	56,286	30,718
Total Operating Expenses	<u>959,092</u>	<u>964,427</u>	<u>(5,335)</u>
Operating Income (Loss)	<u>220,053</u>	<u>178,876</u>	<u>(41,177)</u>
Nonoperating Revenues (Expenses)			
Interest Income	-	260	260
Interest Expense	(14,000)	(13,127)	873
Total Nonoperating Revenues (Expenses)	<u>(14,000)</u>	<u>(12,867)</u>	<u>1,133</u>
Income (Loss) Before Contributions and Transfers	<u>206,053</u>	<u>166,009</u>	<u>(40,044)</u>
Transfers			
Operating Transfers In			-
Operating Transfers Out	(100,000)	0	100,000
Change in Net Position	<u>\$ 106,053</u>	<u>\$ 166,009</u>	<u>\$ 59,956</u>

See Independent Auditor's Report

TOWN OF JACKSON
Schedule of Water, Sewer, and Gas Rates
Proprietary Fund Type
For the year ended September 30, 2022

Water			
Residential Rates		Commercial Rates	
\$	17.00	- Base Charge, First 2,000 gallons or less	\$ 50.00 - Base Charge, First 5,000 gallons or less
\$	7.00	- Per 1,000 gallons/Mgal	\$ 6.00 - Per 1,000 gallons/Mgal

Sewer			
Residential Rates		Commercial Rates	
Metered			
\$	30.00	- Base Charge	\$ 40.00 - Base Charge

Gas			
Residential Rates		Commercial Rates	
	Rate per 100- Cubic Feet		Rate per 100- Cubic Feet
\$	15.00	- Base Charge	\$ 20.00 - Base Charge
	\$15.00 + cost of gas + markup amount + RSF	- Per 100 Cubic Feet	\$20.00 + cost of gas + markup amount + RSF - Per 100 Cubic Feet

Schedule of Number of Customers
Proprietary Fund Type
For the year ended September 30, 2022

	Residential	Commercial	Total
Water	698	60	758
Gas	289	41	330
Sewer	601	69	670
Total	1,588	170	1,758

See independent auditor's report.

TOWN OF JACKSON
Schedule of Insurance
For the year ended September 30, 2022

<u>Policy</u>	<u>Name of Insurer</u>	<u>Amount</u>	<u>Expiration Date</u>
Fire and Extended Coverage Building and Contents	AmGuiard Insurance Co.	\$ 512,720	2/1/2023
Public Official Bond	Dart Insurance Agency	\$ 65,000	8/30/2023
Automobile Liability	AmGuard Insurance co	\$ 500,000	2/1/2023
General Liability	AmGuard Insurance co	\$ 500,000	2/1/2023
Police Professional Liability	QBE Specialty Ins Co.	\$ 1,000,000	2/1/2023
Public Officials Errors and Omissions	QBE Specialty Ins Co.	\$ 1,000,000	2/1/2023
Worker's Compensation	Louisiana Risk Management	Stautory	1/1/2023
Auto Physical Damage	AmGuard Insurance co	\$ 390,252	2/1/2023
Equipment	Employers' Manual	\$ 216,715	2/1/2023

See Independent Auditor's Report.

Schedule 8

TOWN OF JACKSON
Schedule of Compensation Paid to Board Members
For the year ended September 30, 2022

<u>Name</u>	<u>Compensation Received</u>
James. M. Norsworthy, Mayor	\$ 14,400
 Aldermen	
Michael Harrell	4,800
Donald Havard	3,600
Rafe Stewart	3,600
David Guillory	3,600
William Free	3,600
	<u>\$ 33,600</u>

All terms expire December 31, 2024.

See independent auditor's report.

TOWN OF JACKSON
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head
For the year ended September 30, 2022

Agency Head Name: James M. Norsworthy, III, Mayor

Purpose	Amount
Salary	\$ 14,400
Employer Paid Payroll Taxes	198
Municipal Employee Retirement	4,277
Cell Phone	600
Total	\$ <u>19,475</u>

See Independent Auditor's Report.

TOWN OF JACKSON
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session

Cash Basis Presentation	First Six Month Period Ended 03/31/22	Second Six Month Period Ended 09/30/22
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Fines - Other	16,715	19,242
Subtotal Collections	<u>16,715</u>	<u>19,242</u>
Less: Disbursements To Governments & Nonprofits:		
LA Dept of Health-Traumatic Head and Spinal Cord Injury Trust Fund	400	295
LA Commission on Law Enforcement	427	402
LA Supreme Court	63	79
Treasurer, State of LA, CMIS	435	501
East Feliciana District Attorney	645	835
Less: Amounts Retained by Collecting Agency		
Amounts Self Disbursed to Collecting Agency Criminal Fines Other	14,745	17,130
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements/Retainage	<u>16,715</u>	<u>19,242</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditor's report

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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Fax (985) 839-4402
wrcpa@huntbrothers.com

Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable James Norsworthy
and Board of Aldermen
Town of Jackson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of Town of Jackson, Louisiana, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Jackson, Louisiana's basic financial statements and have issued our report thereon dated August April 24, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Jackson, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Jackson, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Jackson, Louisiana's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

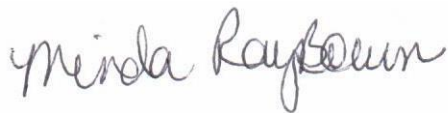
As part of obtaining reasonable assurance about whether Town of Jackson, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-004, and 2022-005.

Town of Jackson, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Jackson, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Jackson, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA

Franklinton, LA

April 24, 2023

**TOWN OF JACKSON
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2022**

Summary of Audit Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) reported? Yes
- Significant deficiency(ies) identified that
Are not considered to be material weaknesses? Yes

Noncompliance material to financial statements
Noted? Yes

Findings-Financial Statement Audit

2022-001 Internal Control over Financial Reporting (Repeat Finding)

Criteria: Internal controls over financial reporting consists of policies and procedures related to an entity's ability to initiate, record, process, and report financial data consistent with the assertions in the financial statements and in accordance with general accepted accounting principles (GAAP).

Condition: General ledger accounts were not accurately reconciled to the subsidiary records.

Effect: Significant adjustments were made to reconcile the general ledger to the supporting schedules.

Cause: The Town does not have a documented policy to ensure accurate closing procedures take place.

Recommendation: The Town should establish procedures to ensure that the general ledger is closed accurately at year end.

View of Responsible Official: Management concurs with the audit findings and will begin working on documenting year-end closing procedures. These procedures will list all areas to be addressed to ensure an accurate and timely close out. The Town has hired an external accountant to document closing procedures, assist with closing out the monthly accounting cycle, and year end accounting cycle.

2022-002 Noncompliance with Bond Covenants (Repeat Finding)

Criteria: The Town ordinances authorizing the issuance of the 2016 Utility Revenue Bonds require that certain bond covenants be followed.

Condition: The Town is not in full compliance with its bond resolution requiring the establishment and funding of certain accounts for the 2016 Utility Revenue Bonds. The bond resolution requires the Town to fund the Utilities Revenue Bond Sinking Fund account in an amount equal to the principal and interest due on the next payment date. The bond resolution requires the Town to establish separate bank accounts labeled the Utility Revenue Bonds Reserve Fund and the Utilities Revenue Bond Depreciation and Contingencies Fund.

The Town has established all three accounts in the condition noted. The Town is making monthly deposits to the Sinking Fund; however, the deposits are short of the monthly requirements. In addition, the Reserve

TOWN OF JACKSON
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2022

Fund is being used to making the withdrawal of the bond payments. The Sinking Fund was fully funded at the end of September 30, 2022. The Town is making monthly deposits to the Reserve Fund. The Reserve Fund was fully funded at the end of September 30, 2022. The Depreciation and Contingency Fund was fully funded at the end of September 30, 2022.

Effect: The Town is not in compliance with its bonds covenants as specified in the bond ordinances regarding the Sinking Fund monthly deposits.

Cause: The Town may not be fully aware of the requirements of the ordinances.

Recommendation: The Town should fully comply with all of the bond covenants set forth in the bond ordinances by establishing all restricted accounts and monitoring their balances to ensure compliance with the bond resolution.

View of Responsible Official: The Town plans to address the non-compliance with the bond covenants during the 2023 fiscal period.

2022-003 Enhancement of Policies and Procedures and Internal Controls (Repeat Finding)

Criteria: A system of internal controls should be established to ensure accurate financial reporting and to safeguard assets. Features of internal controls should include fully documented policies and procedures, adequate segregation of duties, oversight, and monthly reporting. Internal controls must be monitored and updated periodically to ensure they are current and relevant.

Condition: The Town has established a system of internal controls. However, in our audit, we noted certain aspects of the internal control system could be enhanced. Areas that could benefit from enhancement include the updating of written policies and procedures and other updates to otherwise strengthen internal controls.

Effect: Internal controls are not as strong as they could be.

Cause: Processes, policies, and procedures should be revisited periodically.

Recommendation: We recommend the following enhancements for certain operational and financial areas that were addressed in performing procedures:

Policies and procedures:

- 1) Budgeting-including preparing, adopting, monitoring, and amending the budget.
- 2) Purchasing-including how, purchases are initiated and vendors are added to the vendor list.
- 3) Disbursements-including processing, reviewing, and approve.
- 4) Receipts-including receiving, recording, and preparing deposits.
- 5) Payroll-including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked, approval process for employee rate of pay or approval and maintenance of pay rate schedules.
- 6) Travel and expense reimbursement-dollar thresholds by category of expense.
- 7) Credit cards (and fuel cards and purchase cards)-including how cards are to be controlled, allowable business uses, documentation requirements, required approves of statements, and monitoring card usage.
- 8) Ethics violations-clarifying the prohibitions of Louisiana Revised Statute 42:1111-1121.

**TOWN OF JACKSON
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2022**

- 9) Debt services-including EMMA requirements, debt service payment requirements, a debt service reserve requirement.
- 10) Disaster Recovery: including identification of all critical data, shortage of backups, timely application of all software updates, and identification of personnel, processes, and tolls needed to recover operations after a critical event.

Internal reporting:

- 1) Monthly financial reporting-Include the general fund and other major funds' revenues and expenditures (compared to budget) in the reporting process to the Board.

View of Responsible Official: Management concurs with the audit findings and will implement the above recommendations.

Finding 2022-004 Outstanding Deposits of Customer Deposit Bank Account

Criteria: A system of internal controls should be established to ensure accurate financial reporting and to safeguard assets. Features of internal controls should include adequate segregation of duties. A system of internal controls allows segregation of duties among those who collect funds, prepare deposits, deposit cash receipts, post the deposits to the accounting system, and reconcile bank accounts.

Condition: The Town's utility customer bank account was reconciled for September 30, 2022. It was noted on the bank reconciliation there were outstanding deposits of \$2,200 dated between March 28, 2022 through April 19, 2022 had not cleared at September 30, 2022. These were customer service deposits paid by various tenants of a housing apartment complex located within the city. The tenants paid a deposit to the landlord for their respective apartments but it was alleged the landlord received the deposits did not let the tenants move in. It was stated that the tenants came back for their utility deposit as they could not move in and the clerk at town hall gave the cash back. The clerk who accepted the funds never deposited the money in the bank but instead placed the funds in the office safe. It was stated the tenants were reimbursed using the monies out of the safe. I was not presented with documentation of who paid these funds and what tenants were refunded. The clerk reimbursed the customer deposit account for the funds with personal funds totaling \$1,800.

Effect: Possible theft and fraudulent transactions. Possible violation of state law.

Cause: The Town has segregation of duties involving receiving of collections, depositing the funds, posting to the general ledger, and reconciling the accounts. However, the outstanding deposits noted on the customer deposit bank account reconciliation were not questioned as to why the funds did not clear or researched as to what happened.

Recommendation: To mitigate the effects of transactions not clearing the bank account timely, management needs to be provided copies of each bank statement and reconciliation for review of such items and approval of the reconciliation. For deposits that have not cleared in a subsequent month of the bank reconciliation, management must research and resolve the issue.

View of Responsible Official: Management concurs with the audit findings and will implement the above recommendations.

**TOWN OF JACKSON
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2022**

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	Deposits from the customer service account
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Customer Deposits Receipts
3	The amount of funds or approximate value of assets involved.	\$2,200.0
4	The department or office in which the fraud or misappropriation occurred.	Town Hall
5	The period of time over which the fraud or misappropriation occurred.	3/28/22-4/19/22
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	There are 3 current employees in the office at town hall.
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	No formal charged have been brought forward nor has the matter been adjudicated.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	Yes
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	Yes
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	The Town has notified the local District Attorney and Louisiana Legislative Auditors.
11	What is the status of the investigation at the date of the auditor's/accountant's report?	There is not investigation at this time of audit procedures.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	No charges have been filed.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	The matter has not been adjudicated.

**TOWN OF JACKSON
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2022**

14	Has restitution been made or has an insurance claim been filed?	\$1,800 has been paid back to the Town.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	The Town has notified the local District Attorney and Louisiana Legislative Auditors.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	These deposits in particular were not deposited the next business day but placed in the safe for an unknown period of time. The bank account was reconciled and the deposits in question did not clear as of 4/30/22. As of the fiscal year end 9/30/22, they were still showing outstanding. To my knowledge, these were not questioned by management as to why they were outstanding or researched.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	The Town will implement the following policies and procedures: <ul style="list-style-type: none"> 1. Requirement all funds collected daily will be deposited daily. 2. The Mayor and Finance Committee will receive copies of the bank reconciliations for review and written approval.

**TOWN OF JACKSON
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2022**

Finding 2022-002 Submittal of Audit Report

Criteria: Audit reports are due no more than six months after the closing of the entity's fiscal year end.

Condition: The report was submitted April 2023.

Effect: Noncompliance with report due date.

Cause: The Town's accounting records were not sufficient order to meet the report deadline.

Recommendation: The Town should establish procedures to ensure that the general ledger is closed accurately at year end.

View of Responsible Official: Management concurs with the audit findings and will begin working on documenting year-end closing procedures. These procedures will list all areas to be addressed to ensure an accurate and timely close out. The Town has hired an external accountant to document closing procedures, assist with closing out the monthly accounting cycle, and year end accounting cycle

**TOWN OF JACKSON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2022**

FINDINGS-FINANCIAL STATEMENT AUDIT

2021-001 Internal Control over Financial Reporting (Repeat Finding)

Criteria: Internal controls over financial reporting consists of policies and procedures related to an entity's ability to initiate, record, process, and report financial data consistent with the assertions in the financial statements and in accordance with general accepted accounting principles (GAAP).

Condition: General ledger accounts were not accurately reconciled to the subsidiary records.

Effect: Significant adjustments were made to reconcile the general ledger to the supporting schedules.

Cause: The Town does not have a documented policy to ensure accurate closing procedures take place.

Recommendation: The Town should establish procedures to ensure that the general ledger is closed accurately at year end.

View of Responsible Official: Management concurs with the audit findings and will begin working on documenting year-end closing procedures. These procedures will list all areas to be addressed to ensure an accurate and timely close out.

Status: The finding has not been resolved and it is repeated in the current year's schedule of findings and recommendations. In 2023, the Town has hired an external accountant to assist in compiling policies and procedures, closing out the monthly accounting cycle, and closing out the Town's year end accounting cycle.

2021-002 Noncompliance with Bond Covenants (Repeat Finding)

Criteria: The Town ordinances authorizing the issuance of the 2016 Utility Revenue Bonds require that certain bond covenants be followed.

Condition: The Town is not in full compliance with its bond resolution requiring the establishment and funding of certain accounts for the 2016 Utility Revenue Bonds. The bond resolution requires the Town to fund the Utilities Revenue Bond Sinking Fund account in an amount equal to the principal and interest due on the next payment date. The bond resolution requires the Town to establish separate bank accounts labeled the Utility Revenue Bonds Reserve Fund and the Utilities Revenue Bond Depreciation and Contingencies Fund.

Effect: The Town is not in compliance with its bonds covenants as specified in the bond ordinances.

Cause: The Town may not be fully aware of the requirements of the ordinances.

Recommendation: The Town should fully comply with all of the bond covenants set forth in the bond ordinances by establishing all restricted accounts and monitoring their balances to ensure compliance with the bond resolution.

View of Responsible Official: The Town plans to address the non-compliance with the bond covenants during the 2022 fiscal period.

Status: The Town has established all three accounts in the condition noted. The Town is making monthly deposits to the Sinking Fund; however, the deposits are short of the monthly requirements. In addition, the Reserve Fund is being used to making the withdrawal of the bond payments. The Sinking Fund was fully

TOWN OF JACKSON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2022

funded at the end of September 30, 2022. The Town is making monthly deposits to the Reserve Fund. The Reserve Fund was fully funded at the end of September 30, 2022. The Depreciation and Contingency Fund was fully funded at the end of September 30, 2022.

2021-003 Enhancement of Policies and Procedures and Internal Controls (Repeat Finding)

Criteria: A system of internal controls should be established to ensure accurate financial reporting and to safeguard assets. Features of internal controls should include fully documented policies and procedures, adequate segregation of duties, oversight, and monthly reporting. Internal controls must be monitored and updated periodically to ensure they are current and relevant.

Condition: The Town has established a system of internal controls. However, in our audit, we noted certain aspects of the internal control system could be enhanced. Areas that could benefit from enhancement include the updating of written policies and procedures and other updates to otherwise strengthen internal controls.

Effect: Internal controls are not as strong as they could be.

Cause: Processes, policies, and procedures should be revisited periodically.

Recommendation: We recommend the following enhancements for certain operational and financial areas that were addressed in performing procedures:

Policies and procedures:

- 1) Purchasing-including how, vendors are added to the vendor list.
- 2) Receipts-including receiving, recording, and preparing deposits.
- 3) Payroll-including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked.
- 4) Travel and expense reimbursement-dollar thresholds by category of expense.
- 5) Ethics violations-clarifying the prohibitions of Louisiana Revised Statute 42:1111-1121.
- 6) Debt services-including EMMA requirements, debt service payment requirements, a debt service reserve requirements.
- 7) Disaster Recovery: including identification of all critical data, shortage of backups, timely application of all software updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

Internal reporting:

- 1) Monthly financial reporting-Include the general fund and other major funds' revenues and expenditures (compared to budget) in the reporting process to the Board.

View of Responsible Official: Management concurs with the audit findings and will implement the above recommendations:

Status: The finding has not been resolved and it is repeated in the current year's schedule of findings and recommendations.

TOWN OF JACKSON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2022

2021-004 Budget Law Violation

Criteria: LA R.S. 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures and other uses plus projected expenditures exceed budgeted amounts by 5% or more or when actual revenues and other sources plus projected revenues will fall short of budgeted amounts by 5% or more.

Condition: The General Fund's actual revenues and expenditures and other uses exceeded budgeted revenues and expenditures and other uses in excess of 5% or more.

Effect: The Town is noncompliance with the Louisiana budget law.

Cause: The Town did not properly monitor the budgets for the aforementioned fund during the fiscal period.

Recommendation: The Town should monitor the budget closely throughout the fiscal period and prepare and approve amendments to the budget as required by statute.

View of Responsible Official: Management will continuously monitor the actual revenue and expenditures of funds throughout the year to comply with the Local Government Budget Act.

Status: The Town complied with the Budget Act for the year ending September 30, 2022.

Minda B. Raybourn

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Town of Jackson, LA
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021 through September 30, 2022. The Town of Jackson, LA's (the "Town") management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2021 through September 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The entity does not these policies and procedures.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

The entity does not these policies and procedures.

- c) **Disbursements**, including processing, reviewing, and approving.

The entity does not these policies and procedures.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The entity does not these policies and procedures.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

The entity does not these policies and procedures..

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The entity does have policies and procedures for contracting.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The entity does not these policies and procedures.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The entity does not these policies and procedures.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The entity does not these policies and procedures.

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- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The entity does not these policies and procedures.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity does not these policies and procedures.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The entity does not these policies and procedures.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions to this procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The minutes do reference the financial statements and comparisons.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

This is not applicable.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

The listing of bank accounts and management's representation were obtained. The main operating accounting and 4 additional accounts were selected.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exception to this procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Management/board members who do not handle cash, post ledger, or issue checks do not review each bank reconciliation.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The customer service deposit has checks totaling \$1,927.69 more than one year old. The utility fund operations and maintenance account have one check for \$378.74 that is over one year old.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A list of deposit sites and management's representation was obtained

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

There is one cash drawer. The office staff consists of 2 persons for collecting cash.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

The town has one clerk that will prepare and make the bank deposit. She will attach collection documentation to the deposit. The town clerk will review the bank deposit slip and collection documentation before posting to the general ledger.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The town clerk is not responsible for collecting cash and will post collection entries to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

The town clerk will reconcile cash collections to the general ledger by revenue source and is not responsible for collecting cash.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Each clerk of the office has bond coverage.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

There were no exceptions to procedures a through e.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management's representation was obtained. The entity has one location that processes payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

The mayor and department supervisor approve a purchase order. Once the purchase order is approved, the order or purchase can be made.

- b) At least two employees are involved in processing and approving payments to vendors.

The town clerk will input the bills into the accounts payable function in QuickBooks. She will then prepare the checks for signature. Both will initial the invoice for payment. The mayor and town clerk will sign the checks. The finance committee are presented a listing of paid bills for approval.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The board will approve any new vendors. Once approved, the town clerk will add the vendor to the vendor listing in QuickBooks.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

A different clerk in the office will mail the payments at the post office.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions to this procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions to this procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided a listing and management's representation were obtained.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions to this procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions to this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions to this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel expenses and management's representation were obtained.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management's listing and management's representations were obtained.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions to this procedure.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No exceptions to this procedure.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

No exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions to this procedure.

Payroll and Personnel .

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees and officials and management's representation were obtained.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

One employee had no leave slip attached to the time sheet.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

The town has manual records that reflect the leave accrued or taken during the pay period.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Personnel files to not indicate a rate of pay or salary.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

One health insurance premium and one state withholding tax payment were paid late. One garnishment withheld did not agree to the actual order.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

The ethics policy was not changed.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

A listing of bonds and management representation were obtained. The Town had no new debt issuances.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Sinking fund deposits were made but were short of the required payment.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

There is one possible misappropriation that the Town has not reported as of the date of this these procedures.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exception to this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

I performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

I performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

I performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exception to this procedure.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exception to this procedure.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

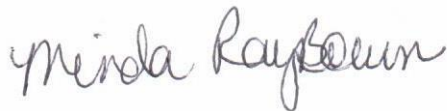
The Town did not file the annual sexual harassment report for 2021/2022

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we

performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink that reads "Minda Raybourn". The signature is written in a cursive, flowing style.

Minda B. Raybourn CPA
Franklinton, LA
April 23, 2022